

Message Text

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PAGE 01 STATE 028709

10

ORIGIN NEA-06

INFO OCT-01 ISO-00 AID-20 IGA-02 A-01 /030 R

DRAFTED BY ASIA/SA:HTHOMAS:NEA/INS:RDLORTON:MMK

APPROVED BY NEA/INS:LBLAINGEN

NEA:TDAVIS (DRAFT)

ASIA/SA:JCOLES (DRAFT)

AA/ASIA:EVINSON (SUBS)

AG/IIS:WBAND (INFO)

ASIA/EMS:NASHTON (INFO)

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R 122150Z FEB 74

FM SECSTATE WASHDC

TO AMEMBASSY KATHMANDU

INFO AMEMBASSY NEW DELHI

UNCLAS STATE 028709

E.O. 11652: N/A

TAGS: AAUD, NP

SUBJECT: REPORT OF INFORMAL FINDINGS OF AG/IIS INSPECTION

FOR AAG IN NEW DELHI

1. ASSISTANT ADMINISTRATOR AID/ASIA BUREAU ADVISES US HE HAS RECEIVED AG/IIS MEMORANDUM ON QUESTION OF REFUNDABLE INDIAN AND NEPALESE EXCISE TAXES ON POL IMPORTS WHICH WAS DISCUSSED DURING RECENT INFORMAL INSPECTION OF USAID/ NEPAL OPERATIONS BY AG/IIS. MEMO HIGHLIGHTS: (A) LONG-STANDING PROBLEM OF COLLECTION REFUNDS OF THESE TAXES FROM GON (AND NOTES REFUNDABLE AMOUNT HAS GROWN TO RS 3.7 MILLION); AND (B) EXISTENCE OF POSSIBLE UNAUTHORIZED SUBSIDY BY USG ON GASOLINE SALES TO USAID AND EMBASSY PERSONNEL.

2. WE UNDERSTAND AG/IIS INSPECTOR VINCENT REVIEWED THESE FINDINGS WITH USAID/NEPAL DIRECTOR AND DCM AT TIME OF INSPECTION. WE ALSO AWARE STEPS ALREADY TAKEN PARTIALLY CORRECT SITUATION, I.E. OBTAINING GON AGREEMENT NOT UNCLASSIFIED

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CHARGE NEPALESE EXCISE TAX AND MISSION DECISION INCREASE TO

ONE DOLLAR COST OF GASOLINE TO PERSONNEL.

3. REQUEST YOUR COMMENTS ON AG/IIS FINDINGS, SUGGESTIONS
FOR FURTHER STEPS TO BE TAKEN TO RESOLVE THESE MATTERS
INCLUDING POSSIBLE REPRESENTATIONS TO GON OR GOI ON

PAYMENT OUTSTANDING REFUNDS, AND PROPOSED TARGET DATE
FOR COMPLETION CORRECTIVE ACTIONS. KISSINGER

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